ACCESS TO HEALTH CARE: UNY*CARE AND UNIVERSAL HEALTH INSURANCE

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The topic I shall engage is "universal access." In the limited time available, I will not be able to discuss a number of important matters. "Truth in labelling" suggests I note them: First, I shall not describe or assess the detailed construct called UNY*Care—it is more appropriate that others on this program who were and will continue to be closer to that proposal be the ones to do so. Second, I shall not present data on the financial and organizational barriers to health care in our nation and in New York or on the health and social implications of America's inequitable health care financing and delivery system—surely, this audience needs no additional reminder of what can be termed our national disgrace. Third, I shall not provide a detailed outline of the way my favorite national (federal) health insurance program would fit with my favorite decentralized (state) program—time does not permit that, and the nature of this symposium makes it inappropriate.

Those are the things I won't do. Instead, I hope to focus our attention on the future by discussing some of the generic issues UNY*Care raised and addressed. Though there are few grounds for optimism about developments at the federal level in the near or, perhaps, even intermediate future (I suppose that since I say "few grounds" rather than "no grounds" I can be accused of unbridled optimism), there are programs that can and should be developed at the state level. As these are discussed and developed, the issues that proponents of UNY*Care had to deal with will continue to be debated.

I want to raise a few of these issues by referring to and building upon some of the ideas and concepts that were raised by UNY*Care and that David Axelrod and I wrote each other about. A few brief words of introduction: the correspondence spans a period of a little more than four years and was interwoven with face-to-face conversations. Thus, the written words are an

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incomplete record of the depth and breadth of our concerns. In general the letters tend to be about long-run matters, nonephemeral issues, problems the society or body politic would continue to wrestle with. The quality of our dialogue reflects shared values, goals, and commitments.

One of the underlying themes in our exchange—at various times, in fact, not at all underlying but quite explicitly addressed—was the attempt to reassure ourselves that the various "compromises" we felt we were making in order to be "realistic"—compromises that added levels of complexity—were really necessary and would not result in a structure that would be ineffective. How far beyond the proverbial "half-a loaf" did UNY*Care go? Was it really necessary to settle for, say, three-quarters of a loaf (shouldn't one strive for seven-eighths)? Was it really three-quarters of a loaf or, perhaps, only one-half a loaf or even less? If the complex compromises were accepted, would the program still work to improve access at reasonable cost and, importantly, would it have a structure that was flexible and could be improved upon over time?

These general issues were examined in a number of specific areas, but, of course, always from one perspective. I want to stress that perspective not only because it was fundamental but because it raises some problems: the various issues were always considered from the state perspective—a task obviously easier for David than for me. We did not talk about designing a system of universal health insurance for the United States, but a system of universal health insurance for New York State. We did not describe what a sensible national system might look like, but what would define a sensible New York State system. David did that because, after all, he was a state official; I did it because I was convinced: (1) that the probability of sensible action at the state level, in a state such as New York, was greater than at the federal level, and (2) that certain things—especially, perhaps, the administration of various social services (including medical care and, in the best of worlds, health care)—are best undertaken by units of government that are closer to the people, say, by the various states.

Yet, both of us were aware (and I who for years had looked to the federal government and had shifted to reliance on a state-federal partnership in which important responsibilities would be assumed by individual states was exquisitely aware) that friends who had not shifted and who remained true believers that a national health insurance program based on a strong federal authority, funded through progressive federal taxes, and operated from Washington, was attainable in the near future—friends whose dedication we respected even as we disagreed with their judgements—might see UNY*Care as a

compromise that reflected the fact that at worst Axelrod et al. had caved in to some powerful special interest group and at best that he and his colleagues had exhibited poor judgement and had hurt "the cause" by giving up too soon. Thus, we wanted to be certain that we were right in our judgements and to be able to muster arguments to convince others of the validity of our views.

Let me digress from the issue of "compromise" for a moment in order to mention the problems that, earlier, I suggested are engendered by a state rather than federal orientation. There are, it seems to me, at least two difficulties. The first is that a state orientation requires a level of micro detail and specific knowledge of a very different kind than that required to discuss and debate the broad brush of federal legislation. Discussions of the latter, and even the design of federal legislation, tend to underemphasize the nuts and bolts of administrative detail that ultimately, of course, help determine whether the legislation works. Those who assist the members of the legislative branch in Washington and who testify at committee hearings often leave vital administrative matters for a later date, for others, for "regulations." I believe that is part of the explanation for a distressing phenomenon: the plethora of proposals that are so elaborately constructed that they cannot be readily explained (and, therefore, are not likely to be enacted), but which, if enacted, wouldn't really work, or would only "work" with high and unacceptable error rates.

Obviously, the question of specific knowledge of New York State was not a problem for David and his colleagues in the New York State Department of Health. But I mention it because it raises an issue that many states have to face: the shortage of individuals outside state government and outside the interest groups who intersect with state government and who know how states work. In general, the academic community has been more interested in Washington than in the Albanys of our nation. While not suggesting that the answers to our public policy problems lie outside the world of politics and in the halls of ivy, I do believe the absence of "professors" from legislative halls and executive offices in our state capitals has impoverished state government. Furthermore, and even worse: the presence of the academy in Washington rather than in state capitals had oriented the public policy literature and many of those who influence ideas away from state government as a solver of problems and toward the federal establishment. In my view that is unhealthy.

The second problem with state orientation is of a very different kind and intersects with the question of compromise. It is often the case that programs

adopted by individual states are likely to face a nonsupportive environment at best, and a hostile external world at worst. A state that considers a new, exciting, and perhaps expensive program may be surrounded by neighboring states that do not contemplate doing something similar. Furthermore, the individual state might have to implement its program without any encouragement from or support by the federal government. This means that those who would oppose the initiative are able to argue that, of course, it would be a good program in theory, but only if every state did it in practice, and that their state should not be the first to act lest it be put at disadvantage. As a consequence of these phenomena, individual states may be forced to compromises that are less visionary and less efficient and effective. Yes, it is correct to think of states as our laboratories, but it is also the case that states cannot conduct every kind of experiment. The state is not simply the federal government writ small. Some of us have questioned the significance of various social experiments conducted in single sites at the neighborhood and city level on those very grounds—the outcomes may vary as a function of the macro (outside) environment, as a function of the number of adjoining sites in the "trial." The constraints faced by one state are different from the constraints faced by many states acting in concert.

Let me add specificity to the point that I am making by examining a specific issue that David and I discussed: the issue of tax based versus mandated programs. As we are all aware, most of the national health insurance proposals debated at the federal level until the mid 1970s would have enrolled the total population in a single universal program and relied on taxes for funding. An example of this approach is Medicare, enacted in 1965 as an (almost) universal program for those aged 65 and older. Its construct as a tax based program was viewed as one of the building blocks toward a national health insurance program for all. In 1974 the Nixon Administration put forward the CHIP program, which departed from the social insurance model and, instead, was designed to expand existing employment linked insurance. When Senator Kennedy and Representative Mills fashioned their compromise program, they adopted the basic CHIP-like structure. Since 1974 most serious Washington debates about federal health insurance have concerned proposals with mandating provisions. In 1988, when the Democratic candidate for president argued in favor of a Massachusetts-like program that had recently been enacted, he supported what has come to be known as a "play or pay" approach, i.e., a system in which employers either provide a basic package of health insurance for employees and their dependents or pay a predetermined amount into a general fund for the provision of insurance. Today, a number

of proposals, including those by the Democratic Senate leadership, by Chairman Rostenkowski in the House of Representatives, and by the AMA, are based on the mandated approach.

One might suggest that the wide support for programs embodying this characteristic is surprising. I believe—as do many others—that tax based programs are likely (or, at the minimum, certainly have the potential) to be less complicated, more efficient, and more equitable than "play or pay" programs.

They are much more easily described and understood; they are much more likely to embody the advantages of community rating; they do not have any substantial negative impact on individual firms or on the labor market; they do not have to deal with individuals and families who move in and out of insurance status; and there is less need for special programs to try to minimize remaining gaps. They are truly "universal" and, depending on the nature of the tax program, more equitable.

Nevertheless, my description of the very significant interest in play or pay programs and in the extension and expansion of the troublesome employment linked insurance system is accurate. We, therefore, must ask, why this is the case. I believe the answer lies in the desire of both the executive and legislative branches to avoid the imposition of any new tax, in our national desire to move incrementally and build upon existing and well-developed relationships, in our willingness to listen to economists whose discipline thinks in marginal terms and in a continuity rather than discontinuity framework, and in Americans' mistrust of government and skepticism, if not cynicism, about its ability to perform. The political process of consensus and compromise is likely to yield a program constrained by these variables and, thus, lead to a "play or pay" approach.

Nevertheless, I would argue that in order for the political process to yield a compromise mandating the extension of employment-linked private insurance—and such a compromise, I stress, while not the best of worlds, would surely be an improvement over the one that exists—the debate should include proposals for tax based programs. Put simply, a debate should not begin with advocacy solely of the compromise that one would ultimately be willing to settle for. Indeed, if play or pay proposals are to be the outcome, they cannot be the only proposal "liberals" put on the table at the beginning of the debate.

These words, of course, apply with greater force to the positions taken by individuals outside the government than to government officials, particularly those in the executive branch. The Commissioner of Health's proposals, after all, are not put forth simply for educational purposes and to enhance the

quality of the debate. Yet, I believe that part of David's and my correspondence can be read as an attempt to reassure each other that we were not "selling out" in supporting a UNY*Care system that built on and expanded existing programs of employment linked health insurance. We did believe that at the federal level there are more efficient and more equitable approaches than policies mandating employers to provide insurance and erecting programs for the remaining persons whom the mandates wouldn't reach. We wanted to be certain that we weren't simply being expedient in rejecting those "better" approaches at the state level.

Indeed, David urged me to find a way to erect a UNY*Care tax based proposal. I add, that even as he expressed the hope I'd succeed, I am certain he knew I wouldn't do so. When I failed, I explained that the reason I didn't fulfill his hopes did not reflect the antipathy of elected officials in the executive or legislative branches toward nontax based "solutions." Of course, those preferences are important: UNY*Care, after all, was a political document not an answer to an examination question that asked for the "best" program. More fundamentally, however, the avoidance of new state taxes reflected the perception of the structure and level of already existing state taxes, the state of the national and state economy, and above all the difficulty an individual state has in adopting programs in the face of neglect by other states and the federal government, i.e., in "going it alone."

The structure of the programs that this nation will be arguing about in the years ahead will be extremely important. We must understand the differences between the kind of program that one would enact at the federal level and the kind of programs that individual states acting alone would legislate and recognize it is unfair to judge the latter by the criteria we'd use for the former.

Since it is easier to maximize equity and efficiency at the federal level than at the state level, some would conclude that it would be far better to devote energy to pushing Washington than to pushing Annapolis, Albany, Springfield, and Sacramento. Why, after all, make the compromises one would not have to make if only Washington did its job?

I believe that there are important and valid reasons to look to the states. The first is my conviction that it is only as states will be wrestling with, discussing, debating, in some cases taking action on these problems and in other cases explaining why they cannot do so in the face of a disinterested national government, that the electorate and its representatives in the nation's capital will be forced to act. I cannot help but remind myself that it was the UNY*Care proposal, and the conference of state representatives held in Albany to discuss the proposal, that helped increase both the activity and the

exchange of information in state capitals and from the states to Washington. It was through that conference that individuals discovered that they were not alone and that they could look to the future with greater optimism than before they came. And, that brings me to the second reason that I favor action by the states: if states act together collectively and cooperatively—and especially if, as a consequence, they force Washington to be supportive—they need not engage in huge compromises that vitiate the program.

That theme—the ability of a state to "go it alone"—was one that David and I explored in some depth. We discussed what the phrase "go it alone" really meant: how much the federal authorities needed to do; how much they might do to be helpful. I believe we agreed that a state could not institute a universal health insurance program over the opposition of the federal government. That seemed clear, given the need for waivers and the potential for narrow interpretations of existing regulations. The important and challenging questions were to define what a "tolerant" federal posture might be, what a "helpful" posture entails, what factors would influence the probability of success, and—importantly—which of those factors were under state control.

I cannot think of a set of more important and more practical questions, in all areas of policy, than those concerning the advantages and limits of individual state action, the ways in which states can cooperate with each other and the ways they can be assisted by the federal government. The view about the importance of these questions reflects my judgement that: (1) there is very little reason to believe that the federal government is likely to establish new and bold social programs that it will fund and administer; (2) there is much reason to believe that states (not all, but many) would do a better job of building and running responsive programs to deliver social services than would the federal government.

If those judgments are correct, it behooves us to give very serious thought not to the maximum we would want Washington to do, but to the minimum we would need to have Washington do so that states could do their maximum to the ways in which we could meld the heterogeneity of the individual states with the uniformity and standardization necessary to make a set of state programs truly universal.

These questions, of course, extend well beyond the issue of access to health care. I introduce them in today's symposium because of my conviction that our problems in health care reflect our political and social condition, that health policy is part of social policy. Thus, health care will be addressed in a manner that reflects the attitudes and values of our society at this time.

That brings me to the final point I would like to make about our future.

In early December of 1990 I wrote David and, among other things, took issue with, what seemed to me, the tone of pessimism of his most recent letter. He had written. "The intermediate future for universal health care is one that does not appear terribly bright." and went on to explain (in convincing fashion) why he felt that was the case. I responded in agreement with his diagnosis and suggested that: "You're correct and whenever I start believing in the immediate future I pinch myself and say, "Come on Rashi, grow up." But I went on to argue, ". . . the issue is not the immediate future for universal health care. The issue is what can we do and should we be doing in the immediate future to increase the probability that universal health care will be enacted in the intermediate/long run future. . . ." I concluded with comments—probably directed to me as much as to David—about the need to continue to try and improve things, to remain optimistic, etc.

I recount all this in order to set David's rejoinder in context. Let me quote what he said. "But strangely enough, I strongly believe that out of the financial disaster in which I believe we are heading will come a recognition of the injustice, the inhumanity of our current process for the allocation of societal resources. If the limitations on access to health care extend beyond the poor, the homeless and the children, to our middle class elderly, I believe we will become less tolerant of the system which is so patently unjust and diametrically opposed to the principles of the so-called 'pursuit of happiness.' I am tired of hearing of commission reports, of proposals for reform, all of which are unattached to any broad universalist political movement. . . . I do sometimes wish that our platoon was an army."

I wish I knew how one mobilizes an army. I don't. But that sentence haunts me for that is the heart of our problem: those of us who would fight for the welfare of populations are only a platoon, a handful who remain convinced that others would join us if, somehow, we could reach them and make ourselves understandable and believable. But we're not certain how to do that—and every day the problem grows more difficult for cynicism pervades the atmosphere.

"I wish we were an army." Many of us believe we can't mobilize that level of support in the immediate future. Perhaps, however, we're not supposed to try to implement a wish. Perhaps, what we should be about is wishing we were an army but building the platoon so that it might become a company, and then working to make it a battalion, a regiment, division, and corps. That is a task we can undertake. If accomplished, it will be a step in assuring a better future.

If providing for universal access is defined—as I believe it must be— as the

task of building a stronger and better society, we shall find we have many allies. Those who labor in very different vineyards, those who care about the homeless and the hungry, the uneducated and the unemployed, as well as those who worry about the sick and about their neighbors without access and who designed UNY*Care—are all singing the same song. Those who run a shelter program or a soup kitchen are our allies in the battle for a more just society and we are theirs. When we come to fully recognize that the issue is what kind of a society we live in, not merely whether we have a program to increase access to health care, when we see the answers not as technocratic solutions but as moral imperatives, we'll discover each other and will find that, in fact, we aren't a platoon—that we are much more and, therefore, are much more powerful than we believe.